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OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 7th day of June, 20 10, by and between

John F. De Boover and Jo Ellen W. De Boover, his wife

of 1382 County Road # 23

Phelps, NY 14532 Phone No. 315-548-3159

hereinafter called the Lessor, and **Empire Energy E & P, LLC 100 East Chautauqua Street, Mayville, NY 14757, PH# (716) 753-5142,** hereinafter called the Lessee, WITNESSETH:

1. That the Lessor, for and in consideration of One dollar ($1.00) and other valuable consideration in hand paid by the Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee, for the purpose of exploring for by geophysical, seismic, and other methods, drilling, operating for, producing and removing oil and gas and all the constituents thereof, and of injecting and storing, air, gas, brine and other substances from any source and into any subsurface strata, other than potable water strata and workable coal strata (including but not limited to the right to inject into any wells on the leasehold property and to otherwise conduct all such secondary or tertiary operations as may be required in the opinion of the Lessee), the right to conduct surveys (including seismic surveys) and to transport by pipelines or otherwise across and through said lands oil, gas and their constituents from the subject and other lands, regardless of the source of such gas or the location of the wells, which right to transport gas from other properties across the leasehold premises shall survive the term of this lease for so long as the transportation of such gas may be desired by the Lessee, and to place tanks, equipment, roads and structures thereon to procure and operate for the said products, together with the right to enter into and upon the leased premises at all times for the aforesaid purposes, being all that certain tract of land situated as follows:

Section/Lot 35-2-79.11 Township of Phelps County of Ontario, State of New York, bounded substantially by lands now and\or formerly owned as follows:

North by lands of NYS Thruway

East by lands of Canandaigua Outlet

South by lands of L & C Wilson and Village of Phelps

West by lands of J & D Storer

Tax Parcel Number(s): 35-2-79.11

being all the property owned by Lessor or to which the Lessor may have any rights in said Section/Lot/District or adjoining Sections/Lots/Districts, for the purpose of calculating rentals containing 62.9 acres, more or less, and being the property described in

Deed Volume 833, Page 018 of the Ontario County New York Record of Deeds.

2. This lease shall continue in force and the rights granted hereunder be quietly enjoyed by the Lessee for a term of Five (5) years and so much longer thereafter as oil or gas or their constituents are produced or are capable of being produced on the premises, in the sole judgment of the Lessee, or as the premises shall be operated by the Lessee in the search for oil or gas and as provided in Paragraph 7 following.

3. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within twelve months from the date hereof, a well shall be commenced on the premises, or unless the Lessee shall thereafter pay a delay rental of Three Hundred Fourteen Dollars & 50/100 ($314.50), each year, payments to be made annually until the commencement of a well. A well shall be deemed commenced when operations for the commencement of a well has begun. It is further stipulated that this lease shall not terminate for nonpayment of delay rentals unless Lessor first gives Lessee sixty (60) days written notice by registered mail of such nonpayment, and Lessee fails to tender such payment to Lessor within said sixty (60) day period.

4. In consideration of the premises the Lessee covenants and agrees:

(A) To deliver to the credit of the Lessor in tanks or pipelines, as royalty, one-eighth (1/8) of the gross proceeds from all oil produced and saved from the premises, or at Lessee's option to pay Lessor the market price for such one-eighth (1/8) royalty oil at the published rate for oil of like grade and gravity prevailing on the date such oil is sold into tanks or pipelines. Payment of royalty for oil marketed during any calendar month to be on or about the 60th day after receipt of such funds by the lessee.

(B) To pay to the Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled thereon, the sum of one-eighth (1/8) of the price paid to Lessee per thousand cubic feet of such gas so marketed without allowance for temperature and barometric variations less any charges for transportation, dehydration and compression paid by Lessee to deliver the gas for sale. Payment of royalty for gas marketed during any calendar month to be on or about the 60th day after receipt of such funds by the Lessee.

(C) Lessee to deduct from payments in (A) and (B) above from receipts of proceeds by Lessee, Lessor's prorata share of any tax imposed by any government body.

(D) In the event Lessee does not sell the gas to others, Lessor shall be paid on the basis of the lowest field market price paid by any public utility in the state at the well head for gas of like kind and quality, and on the same basis that such utility would pay for such gas, including any escalation in price that such utility would pay for such gas as if a contract for the sale of same had been entered into at the time of initial production.

5. All money due under this lease shall be paid or tendered to the Lessor by check made payable to the order of and mailed to: Above Lessor at Above Address and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to the Lessee of notice of change of ownership as hereinafter provided.

6. Lessor may, at Lessor's sole risk and cost, lay a pipeline to any one gas well on the premises, and take gas produced from said well for domestic use in one dwelling house on the leased premises, at Lessor's own risk, subject to the use and the right of abandonment of the well by the Lessee, and subject to any curtailments or shut-in by any purchaser of the gas. The first two hundred fifty thousand cubic feet of gas taken each year shall be free of cost, but all gas in excess of two hundred fifty thousand cubic feet of gas taken in each year shall be paid for at the last published rates of the gas utility in the town or area nearest to the leased premises or the field market rate, whichever is higher. Lessor to lay and maintain the pipeline, furnish regulators and other necessary equipment at Lessor's expense. Lessor shall also, at the request of Lessee, install a meter to measure said gas. This privilege is upon the condition precedent that the Lessor shall subscribe to and be bound by the reasonable rules and regulations of the Lessee relating to the use of said domestic-use gas, and Lessor shall maintain the said pipeline, regulators and equipment in good repair and free of all gas leaks and operate the same so as not to cause waste or unnecessary leaks of gas. If the Lessor shall take excess gas as aforesaid in any year and fail to pay for the same, the Lessee may deduct payment for such excess gas from any rentals or royalties accruing to the Lessor hereunder. Lessor acknowledges that he has been advised as to the risks inherent in the taking of gas in this manner, and Lessor agrees to assume all such risks whether same be caused by Lessor's lines or equipment, or whether same be caused by Lessee's equipment or well operation; and Lessor agrees to hold Lessee and the well operator and all parties in interest in any well on the leasehold premises harmless from any claims of any nature whatsoever which may rise by the usage of gas from any such well by Lessor, his heirs, executors, administrators and assigns. Lessor further agrees that upon the sale or transfer of the leasehold premises wherein someone other than the Lessor is entitled to take the gas under this Paragraph 6, that the gas supply will be terminated by Lessee until the Buyer of the property executes an agreement regarding the usage of the gas. In the absence of such an agreement, domestic-use gas under this provision shall terminate. The within right of domestic-use gas shall not be assignable without the written consent of the Lessee.

7. In the event a well drilled hereunder is a dry hole and is plugged according to the law, within twelve (12) months before the expiration date of the primary term of this lease, or after the expiration of the primary term of this lease, this lease shall become null and void and all rights of either party hereunder shall cease and terminate, unless within twelve (12) months from the date of the completion of the plugging of such well, Lessee shall commence another well, or unless Lessee after the termination of said twelve month period resumes the payment of delay rental as hereinabove provided. In the event that the last producing well located on the subject premises or consolidated development unit utilizing all or a portion of the leasehold premises is plugged and abandoned by Lessee according to law either before or after the expiration of the primary term of the within lease, this lease shall remain in full force and effect so long as Lessee commences the payment of the delay rental set forth in paragraph 3. above within thirty (30) days after the plugging of said well, and so long as Lessee thereafter commences a new well on the subject premises or on a consolidated development unit utilizing a portion of the leasehold premises within twelve (12) months after the plugging and abandonment of said well.

8. In the event the first well drilled hereunder is a producing well and Lessee is unable to market the production therefrom, or should production cease from a producing well drilled on the premises, or should Lessee desire to shut in producing wells, whichever is later in time, and provided that there are no other producing wells on the lease or on an oil and gas development unit utilizing all or a portion of the lease as defined in paragraph 10. following, then in that event Lessee agrees to pay Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting in of producing wells, an advance royalty of $1.00 per acre per year until production is marketed and sold off the premises or until such well is plugged and abandoned according to law.

9. The consideration, land rentals or royalties paid and to be paid, as herein provided, are and will be accepted by the Lessor as adequate and full consideration for all the rights herein granted to the Lessee, and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as the Lessee may elect.

10. Lessor hereby grants to the Lessee the right at any time to consolidate the leased premises or any part thereof or strata therein with other lands to form an oil and gas development unit of not more than 640 acres, or such larger unit as may be required by state law or regulation for the purpose of drilling a well thereon, but the Lessee shall in no event be required to drill more than one well on such unit. Any well drilled on said development unit whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for the provisions and covenants of this lease to the same effect as if all the lands comprising said unit were described in and subject to this lease; provided, however, that only the owner of the lands on which such well is located may take gas for use in one dwelling house on such owner's lands in accordance with the provisions of this lease, and provided further that the Lessor agrees to accept, in lieu of the one-eighth (1/8) oil and gas royalty hereinbefore provided, that proportion of such one-eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit. Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease setting forth the leases or portions thereof consolidated, the royalty distribution and recording the same in the recorder's office at the courthouse in the county in which the leased premises are located and by mailing a copy thereof to the Lessor at the address hereinabove set forth unless the Lessee is furnished with another address. If the well on said development unit shall thereafter be shut in, the well rental for shut-in royalty hereinbefore provided for such use shall be payable to the owners of the parcels of land comprising said unit in the proportion that the acreage of each parcel bears to the entire acreage consolidated. Lessee shall have the right to amend, alter or correct any such consolidation at any time in the same manner as herein provided.

11. In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided for shall be paid to the Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

12. No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on the Lessee until after notice to the Lessee by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of a duly certified copy thereof to the Lessee.

13. Lessee shall have the right to assign and transfer the within lease in whole or in part, and Lessor waives notice of any assignment or transfer of the within lease. Failure of payment of rental or royalty on any part of this lease shall not void this lease as to any other part. Lessor agrees that when and if the within lease is assigned, the Lessee herein shall have no further obligations hereunder. Lessor further grants to the Lessee, for the protection of the Lessee's interest hereunder, the right to pay and satisfy any claim or lien against the Lessor's interest in the premises as herein leased and thereupon to become subrogated to the rights of such claimant or lien holder, and the right to direct payment of all rentals and royalties to apply on the payment of any existing liens on the premises.

14. Lessee shall bury, when so requested by the Lessor, all pipelines used to conduct oil or gas to, on, through and off the premises and pay all damages to growing crops and drainage tiles and/or other artificial drainage fixture caused by operations under this lease. Lessee agrees to restore the premises in accordance with state laws. Any damages if not mutually agreed upon, to be ascertained and determined by three disinterested persons, one thereof to be appointed by the Lessor, one by the Lessee, and the third by the two so appointed, and the award of such three persons shall be final and conclusive and binding on all parties. Each party shall pay the cost of their appraiser and shall share the cost of the third appraiser. Arbitration as to such damages shall be mandatory. No well shall be drilled within 200 feet of any existing barn or dwelling.

15. Lessor agrees to abide by all reasonable safety policies of Lessee with respect to Lessee's operations, including but not limited to the following: No structures shall be erected or moved on a location within one hundred feet (100') of a well or tank battery, or within twenty-five feet (25') of Lessee's pipelines.

16. Lessee shall have the privilege of using sufficient oil, gas, water, and minerals for operating on the premises and the right at any time during or after the expiration of this lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the premises. The Lessee shall have the right to surrender this lease or any portion thereof by written notice to the Lessor describing the portion which it elects to surrender, or by returning the lease to the Lessor with the endorsement of surrender thereof, or by recording the surrender or partial surrender of this lease, any of which shall be a full and legal surrender of this lease as to all of the premises or such portion thereof as the surrender shall indicate and a cancellation of all liabilities under

the same of each and all parties hereto relating in any way to the portion or all the premises indicated on said surrender, and the land rental hereinbefore set forth shall be reduced in proportion to the acreage surrendered.

17. In the event the Lessee is unable to perform any of the acts to be performed by the Lessee by reason of force majeure, including but not limited to acts of God, strikes, riots and governmental restrictions including but not limited to restrictions on the use of roads, this lease shall nevertheless remain in full force and effect until the Lessee can perform said act or acts and in no event shall the within lease expire for a period of ninety days after the termination of any force majeure.

18. In the event Lessor considers that Lessee has not complied with any of its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this contract. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

19. In consideration of the acceptance of this lease by the Lessee, the Lessor agrees for himself and his heirs, successors and assigns, that no other lease for the oil and gas covered by this lease shall be granted by the Lessor during the term of this lease or any extension or renewal thereof granted to the Lessee herein. Upon the expiration of this lease and within sixty (60) days thereinafter, Lessor grants to Lessee an option to extend or renew under similar terms a like lease.

20. Lessor hereby warrants that Lessor is not currently receiving any bonus, rental, production royalty as the result of any prior oil and gas lease covering any or all of the subject premises, and that there are no commercially producing wells currently existing on the subject premises, or upon other lands within the boundaries of a drilling or production unit utilizing all or a part of the subject premises.

21. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors and assigns, and the Lessor hereby warrants and agrees to defend the title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties or either of them. Lessor further agrees to sign such additional documents as may be reasonably requested by Lessee to perfect Lessee's title to the oil and gas leased herein and such other documents relating to the sale of production as may be required by Lessee or others. Lessor grants Lessee a power of attorney to execute indemnifying division orders for the sale of gas and oil.

22. Location of any well(s) shall be approved by Lessor prior to location thereof. Such approval shall not be unreasonably withheld or delayed.

IN WITNESS WHEREOF the Lessors have hereunder set their hands.

Witness:

Barbara G Wheeler

Barbara G Wheeler

Lessor(s)

John F DeBoover

Joellen DeBoover

ACKNOWLEDGMENT OF CONVEYANCE

STATE/COMMONWEALTH OF NEW YORK)

) **SS:**

COUNTY OF ONTARIO)

On this, the 7th day of June, 2010, before me the undersigned officer a Notary Public in and for said State, personally appeared JOHN F. DEBOOVER & JOELLEN DEBOOVER, known to me (or satisfactorily proven) to be the person whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Barbara G Wheeler
Notary Public

My Commission Expires: 12-31-10

BARBARA G. WHEELER, Notary Public
State of New York-Ontario Co. 01WH4636280
My Commission Expires 12/31/10